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Report of the Ad Hoc Advisory Group on Guinea-Bissau

Summary

The present report is submitted pursuant to Economic and Social Council resolution 2004/61 of 23 July 2004, by which the Council decided to extend the mandate of the Ad Hoc Advisory Group on Guinea-Bissau until its organizational session in 2005, with the purpose of monitoring the implementation of its recommendations, following closely the humanitarian situation and the economic and social conditions unfolding in the country and reporting, as appropriate, to the Council at its organizational session in 2005. The report focuses on developments since the last report to the Council on 9 July 2004 (E/2004/92). It highlights disturbing new developments that occurred in October, which have the potential to stall the positive momentum that the Group observed during its joint mission with the Security Council in June 2004.

The report also addresses the current challenges and constraints that could have ramifications on the country's transition from crisis to sustainable development. The main challenges include meeting the basic needs of the population, addressing the Government's lack of capacity to implement policies effectively as well as engaging the international community in supporting the development of the country. The Group is of the view that, in order to prevent a relapse into conflict, there should be no further delay in the re-engagement with Guinea-Bissau.

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I. Introduction

1. The present report focuses on developments since the last report submitted to the Economic and Social Council on 9 July 2004 (E/2004/92). The report describes the activities undertaken by the Ad Hoc Advisory Group on Guinea-Bissau, reviews some of the activities undertaken by other partners in the international community and addresses some of the current challenges and constraints that may impact on the country's transition from crisis to sustainable development. It includes the most recent briefing by the Representative of the Secretary-General, Mr. Joao Honwana to the Ad Hoc Advisory Group at its meeting held on 20 December 2004.

2. Guinea-Bissau is at a dangerous crossroads. The country continues to face serious economic and social problems and needs strong international and donor support. Rigorous and concerted international action is required to address the most urgent economic and security priorities of the country. A donors round table, initially scheduled for 15 December 2004, has been postponed. The Executive Board of the International Monetary Fund (IMF), meeting on Guinea-Bissau on 19 November, agreed that it could re-engage with the country on the basis of Emergency Post-Conflict Assistance (EPCA), clearly indicating, however, that it would be based on demonstrated international support and political stability. A military rebellion on 6 October 2004 has created a political setback for the country, revealing both the fragility of its transition to democracy and development and the need for constant monitoring and support. According to the Representative of the Secretary-General, Mr. Honwana, the possibility of the reoccurrence of instability in Guinea-Bissau, including violence, remains real. In this context, there is an urgent need for reform of the security sector.

II. Highlights of the work of the Ad Hoc Advisory Group on Guinea-Bissau and of other partners since its report to the substantive session of the Economic and Social Council in July 2004

3. The Ad Hoc Advisory Group on Guinea-Bissau met with the Interim President, Mr. Henrique Pereira Rosa, on 24 September 2004, on the occasion of his visit to New York for the opening of the fifty-ninth session of the General Assembly. The President reported that since the Group's visit to Guinea-Bissau, the Government's programme had been adopted by the Parliament. President Pereira Rosa also reported that there was a new positive atmosphere of dialogue and inclusion, which he was helping to foster by inviting the political parties not represented in the Parliament and civil society organizations, including non-governmental organizations (NGOs), to meet with him. He also reiterated the urgent need for additional budgetary support to meet the cost of the remaining 11 months of salary arrears and basic health care and education services. In this context, he also called for increased participation at the donors round table scheduled for December 2004.

4. President Pereira Rosa also complimented the military for remaining positively involved in solving problems, especially regarding the issue of salary arrears. He called for assistance in helping to develop a social welfare/security system for the military to help soldiers to adjust to life after retirement, enabling them to take care

of the needs of their families and live in dignity. He also emphasized the need for such a system for all public servants.

5. On 6 October 2004, a section of the army, primarily from the Guinea-Bissau peacekeeping contingent, mutinied over salary arrears for their service with the United Nations Mission in Liberia (UNMIL). Other grievances pertained to poor conditions in their barracks, corruption in the military high command and other aspects of conditions of service. During the uprising, General Verissimo Correia Seabra, Chief of the Staff of the Armed Forces, and Colonel Domingos de Barros, Head of Human Resources of the Armed Forces, were killed. Following negotiations, a memorandum of understanding, which was signed between the military high command and representatives of the soldiers, brought an end to the rebellion. The Interim President has since appointed a new military high command and the amnesty proposed in the memorandum of understanding is in the process of being considered for ratification by the National Assembly.

6. After the events of 6 October 2004, the Group met on 8 October 2004 and was briefed by Mr. Tuliameni Kalomoh, Assistant Secretary-General, in the Department of Political Affairs, on the situation in Guinea-Bissau. On 11 October 2004, the Group issued a communiqué in which it called on the international community to provide urgent and immediate assistance for the restructuring of the armed forces, with a view to the professionalization of the army. The Group also renewed its call for assistance with short-term budgetary support to meet salary arrears for civil servants and the armed forces and for generous participation in the donors round table for Guinea-Bissau scheduled for 15 December 2004.

7. The Group met again on 26 October 2004 to hear a briefing via video-link by the United Nations country team in Guinea-Bissau, including the representative of the Secretary-General, who reported, inter alia, on the terms of the memorandum of understanding. The memorandum, which was signed on 10 October 2004, covers the following: (a) disbursement of funds to the contingent that served under the United Nations in Liberia and payment of salary commitments made under the previous authorities; (b) improvement of living conditions and better communications between the top tier of the military and low ranking soldiers; and (c) a proposal of amnesty for all military personnel who took part in military uprisings between the time of the country's first coup d'état in 1980 and 6 October 2004.

8. The Security Council has also remained actively engaged on the issue of Guinea-Bissau. Upon request, the Council was briefed on 7 October by the Assistant Secretary-General of the Department of Political Affairs on events in Guinea-Bissau. In its press statement, issued on the same day, the Council condemned the use of forces to settle differences or address long-standing grievances in the military sector and also called on the international community to maintain confidence in the process of democratic consolidation in the country. The Council also met on 22 October 2004 to consider the situation in Guinea-Bissau. In its presidential statement issued on 2 November 2004 (S/PRST/2004/41), the Council underlined the importance of addressing the root causes of the conflict as well as finding immediate solutions to improve the situation in the short term. In this connection, the Council called on donors urgently to contribute to the Government's budget for civil service and military salaries as well as to the Emergency Economic Management Fund, managed by the United Nations Development Programme (UNDP). The Council also urged the international community to maintain

confidence in the process of democratic consolidation in Guinea-Bissau and to uphold commitments to the country's development.

9. An important component of democratic consolidation in Guinea-Bissau is presidential elections, which are due within one year of the inauguration of the National Assembly in May 2004. Interim President, Mr. Pereira Rosa, has expressed his commitment to keep to the timetable set out in the Transitional Charter for the return to full constitutional rule and has requested the assistance of the United Nations for the conduct of the elections. In response to the findings of a mission undertaken by the Electoral Assistance Division of the Department of Political Affairs at the end of October 2004, the Secretary-General has responded favourably to the request of the President. It is foreseen that UNDP would provide, among other things, technical and financial support to national authorities with electoral responsibilities, including developing national capacity for the planning of electoral operations and support for voter education campaigns. The United Nations Peacebuilding Support Office in Guinea-Bissau (UNOGBIS) will continue to assist in the preparation of the political environment prior to the elections, and stands ready to provide technical support for the organization and to coordinate international observation of the elections upon request by the Government.

10. Regional groups also continue to play an active and constructive role in helping to restore stability to Guinea-Bissau. The Economic Community of West African States (ECOWAS) and the Community of Portuguese-speaking Countries have offered their good offices following the events of 6 October 2004. The Ministers of Council of the Community of Portuguese-speaking Countries, at its extraordinary meeting on Guinea-Bissau held in Lisbon on 1 November 2004, also decided to send an advisory mission to Guinea-Bissau, mandated to collaborate with national authorities, military entities, political parties and the civil society in order to provide assistance on the democratic stabilization of the situation in the country, with particular attention to the process of military reform. As a way of remaining continuously engaged in helping the country to consolidate the democratic process, both organizations now maintain a permanent presence in Guinea-Bissau and have established local offices.[1]

11. In its Ministerial Declaration of 1 November 2004, the Community of Portuguese-speaking Countries urged the United Nations to reinforce its role in Guinea-Bissau, including through the expansion of the activities of UNOGBIS. The Council of Ministers has also stated its intention to continue to act in coordination with other international efforts, namely from the United Nations, the African Union and ECOWAS, to help bring stability to the country.

III. International donor support to Guinea-Bissau

12. As the Group emphasized in its previous report, international donor support continues to be critical in helping the Government of Guinea-Bissau in meeting its short, medium and long-term priorities. The short-term priorities remain budgetary support, principally for the payment of salaries, including arrears and for the basic functioning of the State in the health and education sectors, and assistance for the holding of presidential elections to mark the end of the transition period. The medium-term priorities include the building of technical capacity to rebuild its public administration, improve the investment climate and put in place the

preconditions for economic diversification. The long-term priorities include investment in economic, human capital, social and physical infrastructure to put in place the conditions for sustainable development.

13. For the short term, the provision of budgetary support remains urgent. While IMF concludes that the economy is growing at a higher rate than estimated earlier, the rate is due to a temporary rise in the cashew nut harvest and seasonably high tax collection rather than being based on structural and sustainable changes affecting the productive capacity of the economy. It is expected that the Government's ability to pay new wage and arrears next year will be affected by the expected decline in tax collection in the low season. Teachers and health workers have already held a week-long strike (6-10 December 2004) over wage arrears. Such strikes have lasted for several months in the past.

14. The Group welcomes the recent agreement reached between the Government and the European Union, which solves the long-standing concern of the Union regarding the use of the €5.4 million euros received by the Government in 2001. This agreement should help in providing much needed resources to the State since it is expected to result in the disbursement of €13.2 million, corresponding to budget support as part of the financing approved in 2001 amounting to €17.2 million, and the application of the common external tariffs of the West African Economic and Monetary Union (UEMOA). The Group looks forward to a quick disbursement of these funds, especially given the fact that IMF now estimates that the financing needs for the period from December 2004 to December 2005 amount to €48 million.

15. The Group welcomes this development, while contending that much more needs to be done. In this connection, the Group welcomes the decision by UNDP to extend the Emergency Economic Management Fund (EEMF) for the period from January to June 2005. The extension allows the international community to continue to assist the Government in meeting its emergency obligations, an important consideration in maintaining a sound environment in the critical period leading up to the presidential elections. The Management Fund has in fact contributed to the resumption of salary payments for approximately 11,000 civil servants from 24 ministries and 17 autonomous institutions and is also providing financing for minimum functioning in priority sectors such as education. The Group believes that it is a viable mechanism for channelling and coordinating contributions to the Government and can prevent social disarray over mounting salary arrears. A peaceful and stable political environment is particularly important in the period leading up to presidential elections in 2005. The Group therefore strongly appeals to the international community to continue financing this mechanism in order to meet the country's emergency funding requirements. In this connection, the Group welcomes the recent disbursement to the Fund of approximately half a million United States dollars from the Government of Sweden.

16. The long awaited donors round table, initially scheduled for 15 December 2004, has been postponed, partly as a result of events of 6 October as well as because of delays in the finalization of the background documents. The poverty reduction strategy paper, the principal technical document needed for the round table, as well as the other two policy documents, namely, the Policy Charter on Infrastructural Development and the National Good Governance Programme, are being finalized. There is no doubt that the negative perceptions created by the military uprising dealt a setback to the chances of successful round table, however, a

new date for its holding is under review by the Government, which will no doubt consult with its development partners on timing. While it is clear that the events of 6 October 2004 have damaged the confidence of donors, there is strong evidence that fiscal and economic governance continues to improve.

17. Both IMF and the World Bank strongly support a donors round table as a crucial chance to bring about a stronger engagement of the international community in Guinea-Bissau, engagement which they believe is necessary in order to enhance the effectiveness of their own programmes. In this connection, the Executive Board of IMF has agreed, in principle, to support renewed access to Emergency Post-Conflict Assistance (EPCA) as a demonstration of support for United Nations-led efforts to promote the stabilization of the country. Guinea-Bissau had been a beneficiary of EPCA, utilizing 25 per cent of its available quota in 1999/2000 after its internal conflict of 1998/1999. The Executive Board of IMF has agreed that Guinea-Bissau could access up to 50 per cent of the remainder of the quota for a period of up to two years. In its report on Article IV consultation with Guinea-Bissau, IMF made it clear that the new EPCA can only be successful in the context of a concerted international effort. Such an effort remains to be confirmed at a donors round table, which should precede the approval of the new EPCA.[2]

IV. Conclusions, preliminary assessment and recommendations

18. The Ad Hoc Advisory Group strongly believes that the military uprising in October 2004 is clear evidence of the persistent fragility of democratic institutions and the failure to address the structural causes of conflict, which it believes are rooted in large in the country's socio-economic conditions. Changing those conditions is critical to reversing the slide back into conflict. In this connection, the Group would once again like to draw the attention of the Council to the recommendations made in its first report (E/2003/8) on priority areas for a long-term programme of support. The Group would like to reiterate its strong conviction that there should be no further delay in the re-engagement with Guinea-Bissau in order to assist the country in meeting its short, medium and long-term needs.

19. There are signs of progress in Guinea-Bissau. As the Council may recall, in its last report, the Group noted the improvements made in economic and financial management. IMF has acknowledged, in its assessment of the current situation, that the Ministry of Economy and Finance continues to make good progress on restoring central fiscal control.[2] The Treasury Committee, which scrutinizes revenues and expenditures, continues to operate well and the preparations for the 2005 budget took place on schedule for the first time in many years. It is important to report that, for the first time in several years, the 2004-2005 school year also started in a normal manner. Through the EEMF mechanism, 1.3 million text books and 39,000 handbooks for teachers have been printed for the Ministry of Education at a cost of $1 million. In the health sector, a national vaccination campaign against polio took place between 18 and 21 October, achieving a coverage rate of 97 per cent of children. United Nations agencies also provide support to the Government in the framework of the "Roll Back Malaria" initiative, including a nationwide mosquito net treatment campaign and treatment of severe cases of malaria in children.

20. Despite signs of progress, the economic and social situation of the country continues to be of considerable concern. The difficulty of Government in meeting

the basic needs of the people, including investment in basic services such as health, education, water, sanitation, energy, transport and telecommunications services continues to exacerbate widespread poverty in the country.[3]

21. The grievances relating to the Government's continuing inability to pay salaries and arrears in addition to conditions of the barracks and other conditions of service were the key complaints of the rebel soldiers. The Group was saddened by the recent military uprising, although, in view of the difficulties and risks that had been highlighted since its first report, such developments were not unexpected. Beyond the critical need for adequate budgetary support, these events clearly demonstrate the urgency of undertaking reform of the security sector.

22. The Council may recall that the Advisory Group, along with members of the Security Council who participated in the joint mission to Guinea-Bissau, had called for urgent and immediate assistance for a comprehensive restructuring package for the armed forces, with a view to preventing a relapse into conflict. The Group had recommended that such reform include not only review of salaries, career structures, working conditions and infrastructure but also a reformulation of the role of the armed forces in a fragile democratic State. The Group welcomes the intention of UNOGBIS to undertake a needs assessment of the security sector and urges all partners of Guinea-Bissau to contribute to this exercise. The Group also supports the call of the Secretary-General contained in his report on Guinea-Bissau of 15 December 2004[4] for a special fund to facilitate the planning and implementation of the reform process. This recommendation was supported by the Security Council in its resolution of 22 December 2004.[5] The Advisory Group also calls on the international community to contribute to funding this critical effort.

23. The Advisory Group welcomes the commitment of the Government to hold presidential elections in accordance to the timetable contained in the Transition Charter. The successful holding of these elections is an important signal of the commitment of the country to peace and its readiness to focus on development. In this connection, the Group calls for financial and technical support for the conduct of the presidential elections. The Group calls on all stakeholders in Guinea-Bissau to recommit to putting the interests of the people of Guinea-Bissau and the country as a whole first. We believe that political stability is a precondition for donor support and for private investment, both of which are key ingredients for economic and social development.

24. The Group is also of the view that a donors round table should be held sooner rather than later. In view of the delays owing to technical and other reasons that have resulted in the postponement of the round table, the Group believes that the international community should demonstrate its support for the efforts undertaken by the Government by agreeing to participate in intermediate arrangements, such as a consultative meeting, if called to address the financing of urgent needs, including security reform and budgetary reform. The Group calls on partners of Guinea-Bissau to participate actively in the donors round table once a new date is set.

25. The Group welcomes the role being played by the Representative of the Secretary-General in Guinea-Bissau and is pleased with the decision to renew and revise the mandate of UNOGBIS for 2005. The new mandate will allow UNOGBIS, working with the United Nations country team, to integrate development and peace and security activities more effectively. The integration of peace and development has allowed the Ad Hoc Advisory Group to collaborate closely with the Security

Council on Guinea-Bissau. The Group believes that an integrated and coordinated approach by all partners, including the United Nations system, the Bretton Woods institutions, traditional and non-traditional donors and regional and subregional actors, is a sine qua non condition for putting Guinea-Bissau on the path to sustainable peace and development.

26. The Ad Hoc Advisory Group on Guinea-Bissau once again draws the attention of the Council to the complexities of post-conflict transitions in countries such as Guinea-Bissau, which face the simultaneous challenges of governing while building the institutions of the State, including those required for effective government administration. In addition, the State is faced with the normal challenges of socio-economic development while at the same time undertaking the burdensome task of economic reconstruction and reconciliation in a conflict-sensitive manner. These unique challenges require flexible financing mechanisms. The Group urges the Council to call on the international community to join Guinea-Bissau in its efforts to prevent a reoccurrence of conflict and to make its transition irreversible. Should the Council agree, the Ad Hoc Advisory Group on Guinea-Bissau remains disposed to continuing its monitoring of the country's post-conflict transition.

Notes

[1] In addition to "good offices", ECOWAS also provided emergency assistance of $500,000 in October 2004 to help with the payment of salary arrears to the army.

[2] http://www.imf.org/external/np/sec/pn/2004/pn04138.htm.

[3] One current challenge is a cholera epidemic declared by the Government on 18 October: 195 cases have been reported so far.

[4] S/2004/969.

[5] S/RES/1580 (2004).